

# THURSTON PARISH COUNCIL

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CLERK TO THE COUNCIL - Paper prepared by: Mrs Vicky Waples, Clerk to the Council - for consideration by the Policy and Resources Committee Meeting of 12<sup>th</sup> February 2025.

Aim: to carry out a review of the effectiveness of internal audit for the year ending 31<sup>st</sup> March 2025.

1. A smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'
2. Proper practices states that internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.
3. The key principles an authority should follow in sourcing an internal audit provider are independence, competence and proportionate:
  - The internal audit function must be independent from the management of the financial controls and procedures of the authority which are the subject of review.
  - The person or persons carrying out internal audit must be competent to carry out the role in a way that meets the business needs of the authority. It is for each authority to decide, given its circumstances, what level of competency is appropriate, and to keep this issue under review.
  - When securing an internal audit service, the parish council should make sure that it is proportionate to the needs, size and the circumstances of the authority.
4. The scope of the Internal Audit being offered by Mr Brown, is found at Appendix A.

**Internal Audit Review Checklist – the following questions if answered in the affirmation will ensure that the Council is meeting the standards of audit provision:**

Expected standard	Evidence of achievement	
Independence	Internal audit has direct access to those charged with governance. Internal audit does not have any other role within the council and is independent of the financial controls and procedures of the council which are the subject of review.	Proposed internal auditor has no involvement in, or responsibility for the financial decision making, management or control of the parish council's financial controls and procedures.
Competence	There is no evidence of a failure to carry out internal audit work ethically, with integrity and objectivity. Internal audit work reviews systems and covers	Proposed internal auditor is regarded as competent within the field of internal audit.

	risk management and duties applicable to the parish council and the legal and corporate framework in which it operates.	There is no requirement to rotate auditors but there is a requirement for the appointment to be reviewed every year.
Proportionate	Internal audit is appropriate to test the existence and adequacy of internal controls and will be carried out on an annual basis. Internal audit will provide assurance for the council's Annual Governance Statement.	The work undertaken is deemed to prove of benefit to the annual governance process. The internal audit review is evidence based and will include a review of previous audits, appropriate action plans, results of any investigations, monitoring reports and reports from the external auditor.
Effective	At least annually, Council should carry out a review of the effectiveness of its overall internal audit arrangements. Any review should balance the authority's internal audit needs and usage. It should be designed to provide sufficient assurance for the authority that standards are being met and that the work of internal audit is effective.	As part of the review, the internal audit will produce a report to the council which will highlight areas for improvement or development. The review will be evidence based with information gathered throughout the year.

**Proposal: the committee confirms that it has carried out a review of the effectiveness of the council's overall internal audit arrangements in regard to personal independence, financial independence and professional independence and confirms the adequacy and effectiveness of its system of internal control.**